

REFERENCE TITLE: property tax exemption; widows; widowers

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

HB 2377

Introduced by
Representative Anderson

AN ACT

AMENDING SECTION 42-11111, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX EXEMPTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 42-11111, Arizona Revised Statutes, is amended to
3 read:
4 42-11111. Exemption for property of widows, widowers and
5 disabled persons
6 A. The property of widows, widowers and disabled persons who are
7 residents of this state is exempt from taxation to the extent allowed by
8 article IX, sections 2, 2.1, 2.2 and 2.3, Constitution of Arizona, and
9 subject to the conditions and limitations prescribed by this section.
10 B. Pursuant to article IX, section 2.3, Constitution of Arizona, the
11 exemptions from taxation under this section are allowed in the amount of:
12 1. Three thousand dollars if the person's total assessment does not
13 exceed twenty thousand dollars.
14 2. FIVE THOUSAND DOLLARS IF THE PERSON'S TOTAL ASSESSMENT DOES NOT
15 EXCEED FIFTY THOUSAND DOLLARS AND IF THE PERSON IS A WIDOW OR WIDOWER BECAUSE
16 THE PERSON'S SPOUSE DIED WHILE SERVING ON ACTIVE DUTY IN THE REGULAR ARMED
17 SERVICES OF THE UNITED STATES. FOR THE PURPOSES OF THIS PARAGRAPH, "REGULAR
18 ARMED SERVICES OF THE UNITED STATES" MEANS ALL REGULAR COMPONENTS OF THE
19 UNIFORMED SERVICES THAT ARE SUBJECT TO THE JURISDICTION OF THE UNITED STATES
20 SECRETARY OF DEFENSE, THE SECRETARY OF THE ARMY, THE SECRETARY OF THE NAVY OR
21 THE SECRETARY OF THE AIR FORCE, AND INCLUDES THE COAST GUARD AND MARINE
22 CORPS.
23 ~~2.~~ 3. No exemption if the person's total assessment exceeds ~~twenty~~
24 FIFTY thousand dollars.
25 C. On or before December 31 of each year, the department shall
26 increase the following amounts based on the average annual percentage
27 increase, if any, in the GDP price deflator in the two most recent complete
28 state fiscal years:
29 1. The total allowable exemption amount and the total assessment
30 limitation amount under subsection B of this section.
31 2. The total income limitation amounts under subsection E, paragraphs
32 1 and 2 of this section.
33 For the purposes of this subsection, "GDP price deflator" means the average
34 of the four implicit price deflators for the gross domestic product reported
35 by the United States department of commerce or its successor for the four
36 quarters of the state fiscal year.
37 D. For the purpose of determining the amount of the allowable
38 exemption pursuant to subsection B of this section, the person's total
39 assessment shall not include the value of any vehicle that is taxed under
40 title 28, chapter 16, article 3.
41 E. Pursuant to article IX, section 2.3, Constitution of Arizona, to
42 qualify for this exemption, the total income from all sources of the claimant
43 and the claimant's spouse and the income from all sources of all of the
44 claimant's children who resided with the claimant in the claimant's residence

1 in the year immediately preceding the year for which the claimant applies for
2 the exemption shall not exceed:

3 1. Twenty-five thousand dollars if none of the claimant's children
4 under eighteen years of age resided with the claimant in the claimant's
5 residence.

6 2. Thirty thousand dollars if one or more of the claimant's children
7 residing with the claimant in the claimant's residence were either:

8 (a) Under eighteen years of age.

9 (b) Totally and permanently, physically or mentally disabled, as
10 certified by competent medical authority as provided by law.

11 F. For the purposes of subsection E of this section, "income from all
12 sources" means the sum of the following, but excluding the items listed in
13 subsection G of this section:

14 1. Adjusted gross income as defined by the department.

15 2. The amount of capital gains excluded from adjusted gross income.

16 3. Nontaxable strike benefits.

17 4. Nontaxable interest that is received from the federal government or
18 any of its instrumentalities.

19 5. Payments that are received from a retirement program and **THAT ARE**
20 paid by:

21 (a) This state or any of its political subdivisions.

22 (b) The United States through any of its agencies, instrumentalities
23 or programs, except as provided in subsection G of this section.

24 6. The gross amount of any pension or annuity that is not otherwise
25 exempted.

26 G. Notwithstanding subsection F of this section, ~~"~~income from all
27 sources~~"~~ does not include monies received from:

28 1. Cash public assistance and relief.

29 2. Railroad retirement benefits.

30 3. Payments under the federal social security act (49 Stat. 620).

31 4. Payments under the unemployment insurance laws of this state.

32 5. Payments from veterans disability pensions.

33 6. Workers' compensation payments.

34 7. "Loss of time" insurance.

35 8. Gifts from nongovernmental sources, surplus foods or other relief
36 in kind supplied by a governmental agency.

37 H. A widow, widower or disabled person shall initially establish
38 eligibility for exemption under this section by filing an affidavit with the
39 county assessor under section 42-11152. Thereafter, the person is not
40 required to file an affidavit under section 42-11152, but the person or the
41 person's representative shall annually calculate income from the preceding
42 year to ensure that the person still qualifies for the exemption and shall
43 notify the county assessor in writing of any event that disqualifies the
44 widow, widower or disabled person from further exemption. Regardless of
45 whether the person or representative notifies the assessor as required by

1 this subsection, the property is subject to tax as provided by law from the
2 date of disqualification, including interest, penalties and proceedings for
3 tax delinquencies. Disqualifying events include:
4 1. The person's death.
5 2. The remarriage of a widow or widower.
6 3. The person's income from all sources exceeding the limits
7 prescribed by subsection E of this section.
8 4. The conveyance of title to the property to another owner.
9 I. The exemption described by this section applies independently to:
10 1. The assessed valuation determined for secondary property tax
11 purposes from the full cash value of the property and improvements owned by
12 the individual.
13 2. The assessed valuation determined for primary property tax purposes
14 from the limited property value of the property and improvements owned by the
15 individual.
16 J. Any dollar amount of exemption that is unused in a tax year against
17 the limited property value of property and improvements owned by the
18 individual may be applied for the tax year against the value of personal
19 property subject to special property taxes including the taxes collected
20 pursuant to title 5, chapter 3, article 3 and title 28, chapter 16,
21 article 3.
22 K. An individual is not entitled to property tax exemptions in the
23 aggregate that exceed the maximum allowed to a widow, widower or disabled
24 person even if the person is eligible for an exemption in more than one
25 category.